

This chapter is an update of the “Capital Improvements Programming Handbook” that was originally prepared by the Southern New Hampshire Planning Commission and published in 1994. This former handbook served as a guide to the preparation of capital improvements programs for local planning boards and towns in New Hampshire. This update is an attempt at making the document more user-friendly and is being incorporated within the “Planning Board in NH: A Handbook for Local Officials” to reinforce the link between capital improvements programming and other planning board responsibilities and duties.

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NEW! A great improvement to this edition is that all the tables presented in this chapter are now available for download on the OEP website in a Microsoft Excel format. Formulas are included for ease of use.

Find the tables at the following address:

www.nh.gov/oep/resourcelibrary/HandbooksAndOtherPublications.htm

CHAPTER VI - CAPITAL IMPROVEMENTS PROGRAMMING

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THE PURPOSE OF THIS CHAPTER

This chapter is a guide to the preparation of capital improvements programs for local planning boards and towns in New Hampshire. A number of the state's cities have implemented ongoing, sophisticated processes of identifying and scheduling capital improvements. This chapter is intended as a "self-help" guide primarily for planning boards and/or capital improvements planning committees of smaller communities who want to prepare a capital improvements program which meets New Hampshire statutory requirements and which is consistent with generally accepted planning practice.

In many communities, the combined talents of planning board members and other local residents comprise the basic skills and resources needed to prepare a capital improvements program without professional assistance. This chapter addresses their need for an organizational framework and sample forms to expedite the process by which voluntary boards and committees can prepare a capital improvements program tailored to unique local needs. Planning boards and/or CIP committees should feel free to develop their own approach and format for capital improvements programming, or to adapt the forms provided in this chapter to local needs.

Throughout the chapter, an attempt has been made to distinguish between those elements and procedures of capital improvements programming which are *mandated* by the New Hampshire statutes, and those which are *recommended* practices. For the smallest communities having few capital investment needs, a simplified process addressing minimum statutory requirements will be sufficient. In most cases, however, a capital improvements programming process should follow all recommended steps and procedures, especially where growth management or impact fee ordinances are to be implemented.

WHY PREPARE A CAPITAL IMPROVEMENTS PROGRAM?

The capital improvements program, known by the acronym CIP, is a valuable part of the community planning process. The capital improvements program links local infrastructure investments with master plan goals, land use ordinances, and economic development. A capital improvements program bridges the gap between planning and spending, between the visions of the master plan and the fiscal realities of improving and expanding community facilities.

Among the many incentives of a capital improvements programming effort are the following benefits to the community:

PRESERVING PUBLIC HEALTH, SAFETY AND WELFARE

Providing the basic services which ensure citizen health and safety is a fundamental responsibility of local government. Programs of regular facility maintenance, upgrades and expansion of government services to meet minimum federal, state and local standards are essential to any community. The cumulative effect of deferring major maintenance expenditures and basic improvement of essential services is often an expensive series of stopgap measures which fail to address comprehensive long-term needs.

ANTICIPATING THE DEMANDS OF GROWTH

When related to the master plan, the capital improvements programming process works to anticipate investments in community facilities which are needed to serve or shape the pattern of growth and development. The portions of selected capital improvement expenditures which are necessitated by growth may be eligible for funding by impact fees as authorized in RSA 674: 21.

IMPROVING COMMUNICATION AND COORDINATION

Communication among the planning board, municipal departments, administrative officials, the budget committee, and citizens can result in cost savings and avoidance of duplication of facilities and expenditures. For example, certain local recreation needs might be addressed in the planning of a new school site. Schedules for road reconstruction projects might be modified where there are imminent plans for the installation of water and sewer utilities. Development of a centralized core of consolidated municipal offices might prove a better long-term solution than separate buildings planned independently by several municipal departments.

AVOIDING UNDUE TAX INCREASES

Capital improvements programming is a means of avoiding the unpleasant surprise of expensive projects generating large property tax increases. While cost impacts cannot always be precisely determined in advance, the CIP fosters discussion of the distribution of the tax burden of new capital expenditures over time. A consequential benefit of fiscal stability and sound community facility planning may be an improved bond rating.

DEVELOPING A FAIR DISTRIBUTION OF CAPITAL COSTS

The capital improvements programming process allows for a public discussion of the preferred means of distributing capital costs not only over time, but also among users of the facilities to be financed. Some communities prefer to pay for some capital costs out of current revenues and absorb a high but single year tax increase. Other communities prefer to establish annual appropriations to capital reserve accounts to save for future projects. Still others feel that construction should take place as needed and be funded by bonded debt, retired by both existing and future users of a facility. In some cases, user fees may be deemed more appropriate than property taxes. Federal or state funds may also be available to help finance specific project costs or the cost of infrastructure improvements in lower income neighborhoods.

BUILDING A FOUNDATION FOR GROWTH MANAGEMENT AND IMPACT FEES

The development and formal adoption of a capital improvements program is a statutory prerequisite to the enactment of growth management and impact fee ordinances. A properly constructed CIP should be an integral part of a land use regulatory process which implements either type of ordinance. The CIP is the principal resource for determining the growth-related share of capital costs which may be chargeable as impact fees; a growth management strategy and ordinance may link future development approvals to the local schedule for installation of particular utilities or services. Unfortunately, some CIPs are been prepared as simple "shopping lists" and remain unrelated to land use planning or growth management strategies.

IDENTIFYING "SCATTERED AND PREMATURE" DEVELOPMENT

New Hampshire statutes allow planning boards to adopt subdivision regulations which provide against scattered or premature subdivision of land. The capital improvements program is one measure which a planning board may use to judge whether a development is scattered or premature based on an absence of essential public services, where the development could require excessive public expenditures to supply these services. The CIP may provide information needed for planning board policies requiring the provision of capital facilities or services by developers of property in unserved areas.

SUPPORTING ECONOMIC DEVELOPMENT

Communities having sound fiscal health and high quality facilities and services are attractive to business and industry. New corporate investment and reinvestment in a community may be influenced by improvements which enhance the quality of life for the chief executives and managers in a company, and for their area is labor force. Private decisions which bring jobs to an area and new tax base to a community are based not only on the availability of water and sewer utilities, but also upon the quality of community schools, public safety facilities, recreation opportunities, and other services.

STEPS IN THE PROCESS OF CAPITAL IMPROVEMENTS PROGRAMMING

The process of getting started in a capital improvements program illustrated in this chapter comprises a series of nine successive steps and a number of worksheets leading to a completed CIP. These steps form the remaining sections of this chapter:

Step 1. Organize for the CIP process	<i>Recommended</i>
Step 2. Define capital projects	<i>Recommended</i>
Step 3. Perform a fiscal analysis	<i>Recommended</i>
Step 4. Review the master plan	<i>Mandatory</i>
Step 5. Communicate with departments	<i>Mandatory</i>
Step 6. Review proposed capital projects	<i>Mandatory</i>
Step 7. Prepare a 6-year project schedule	<i>Mandatory</i>
Step 8. Adopt and implement the CIP	<i>Recommended; mandatory to support growth management and impact fees</i>
Step 9. Update the CIP	<i>Recommended</i>

By following each of the nine steps, and using or modifying the model forms provided, the planning board can more efficiently complete the CIP, and will generate a versatile document in the process. If schedules are followed and tasks are delegated to diligent participants, the CIP will yield many of the benefits cited above, will build citizen confidence in the value of long-term planning, and will promote public involvement in the budgetary process. Like the master plan, the CIP is not a static document, but an ongoing process. Once established, updating the CIP should become a routine annual practice for the planning board and related agencies.

STEP 1. ORGANIZE FOR THE CIP PROCESS



Get the process off to the right start by organizing a dependable team, deciding on a schedule, and sticking to it. Familiarize others with the fact that the CIP is an advisory document developed by the planning board or CIP committee.

Confirm Planning Board or CIP Committee Authorization

The New Hampshire statutes cite two prerequisites to the preparation of a municipal capital improvements program. First, the planning board must have adopted a master plan. Second, the local legislative body must have authorized either the planning board to develop the CIP or the governing body to appoint a capital improvements program committee. The board or committee should document the date of adoption of the master plan and cite the specific authorization given by the local legislative body for the planning board or the CIP committee to proceed with a CIP. If the preparation of a CIP has not been specifically authorized, a resolution must be voted, similar to either one of the following sample warrant articles for a town meeting:

SAMPLE ARTICLE AUTHORIZING THE PLANNING BOARD TO PREPARE A CIP

Article Number ____: To see if the Town, having a Master Plan adopted by the Planning Board on [date of adoption], will vote to authorize the Planning Board to prepare and amend a recommended program of municipal capital improvements projected over a period of at least 6 years, in accordance with RSA 674:5.

SAMPLE ARTICLE AUTHORIZING THE GOVERNING BODY TO APPOINT A COMMITTEE TO PREPARE A CIP

Article Number ____: To see if the Town, having a Master Plan adopted by the Planning Board on [date of adoption], will vote to authorize the governing body to appoint a capital improvement program committee to prepare and amend a recommended program of municipal capital improvements projected over a period of at least 6 years, in accordance with RSA 674:5.

Designate an Individual To Oversee Preparation

The New Hampshire statutes clearly place responsibility for preparation of the capital improvements program with the planning board or the formally appointed CIP committee. The planning board or CIP committee may wish to delegate certain parts of the CIP preparation to administrative personnel, to municipal departments, or to a consultant. However, the planning board or CIP committee performs the task of analysis.



Bear in mind that a CIP which shows no evidence of communication between the planning board or CIP committee and municipal departments, or no relationship to the master plan, will fall short of meeting minimum statutory requirements.

It is recommended that the planning board or CIP committee designate one of its members, town staff or other volunteer to be the central coordinator in charge of the CIP process. That person should then serve as the primary contact for all CIP activities, ensuring that the planning board or committee's role is properly executed. The designee should maintain a file of all correspondence and meetings related to the CIP to document the process and prevent its fragmentation.

Develop a Schedule of Tasks and Completion Dates

The level of interest in capital improvements programming will rapidly deteriorate without strong leadership, assignment of tasks, and scheduling. *Exhibit VI-1* provides a sample CIP planning schedule for outlining major events or actions in the CIP process, the date targeted for completion of that event or action, and the responsible party or lead person assigned to carry out the task. Discussion of such a schedule of events or actions should be accompanied by an organizational meeting involving the planning board or CIP committee and department heads so that all have a clear understanding of the rationale for the CIP process. By participating in the development of a CIP, each department may benefit from improvements in the quality of the facilities they operate and the services they provide.

EXHIBIT VI-1: CAPITAL IMPROVEMENTS PROGRAM PLANNING SCHEDULE

Town Meeting Authorization Granted to Planning Board to Adopt CIP

Planning Board Appoints CIP Subcommittee to Prepare CIP

Meeting 1

- Define Capital Improvements
- Develop Project/Purchase Application
- Develop Cover Letter to Boards/Departments
- Designate Your Coordinator

Homework: Solicit Applications

Develop Project Spreadsheet of All Applications Received

Meeting 2

- Review Applications Received
- Schedule Interviews
- Schedule Remaining Committee Meetings

Meeting 3

- Hold Interviews
- Determine Project Prioritization Process
- Vote on Process for Prioritizing Projects

Homework: Develop Structure of the CIP (Table of Contents)

Write Introduction Chapter

Write Appendix Chapter

Meeting 4

- Hold Interviews
- Review CIP Structure (Table of Contents)
- Review Introduction and Appendix Chapters

Homework: Collect Information for Financial Analysis and Write Chapter

Meeting 5

- Hold Interviews
- Review Financial Analysis Chapter

Homework: Collect Information for Road Management Plan and Write Chapter

Meeting 6

- Complete Interviews
- Prioritize the Projects

Homework: Develop Municipal Improvements Schedule

Develop School Improvements Schedule

Write Project Ranking Chapter

Write Summary of Projects Chapter

Meeting 7

- Review Municipal Improvements Schedule
- Review School Improvements Schedule
- Review Project Ranking Chapter
- Review Summary of Projects Chapter
- Review Road Management Plan Chapter

Homework: Write Brief Analysis of all Data in the CIP
Revise Improvements Schedules

Meeting 8

- Finalize Improvements Schedules
- Finalize Project Prioritization
- Review Final Draft and Agree on Final Revisions
- CIP Subcommittee Adoption of CIP
- CIP Prepares to Present CIP to Planning Board

Homework: Last Revisions to Document and Schedules are Completed
Get on Planning Board Agenda
Develop Public Hearing Notice
Prepare Advance Copies of CIP for Public and Board Viewing

Planning Board Meeting

- Present CIP to Board
- Planning Board Adoption of CIP
- Certificate of Adoption Signed

Adopted CIP is Copied & Distributed to Board of Selectmen/Budget Committee for Budgeting
CIP is Used by Planning Board to Develop Growth Management Ordinance, Impact Fees if desired
CIP is Updated Yearly, Beginning in Late Summer (Aug/Sep)

***See Appendix G for an example of a table of content for the Town Capital Improvements Plan.

NOTE: This CIP development process schedule was developed and provided by Central NH Regional Planning Commission.

STEP 2. DEFINE CAPITAL PROJECTS

Develop a local working definition of what "capital improvements" means. Distinguish between operating and capital costs, but avoid the "micro-management" of capital items having a negligible tax rate impact.

Criteria for Capital Costs

A clear local working definition of capital projects is needed to provide necessary guidance to department heads and others in identifying past and future capital projects and costs. Most definitions of capital projects are based on criteria related to one or more of the following:

- ... Large gross dollar amount of expenditure;
- ... Extended useful life of facility or equipment;
- ... Infrequent recurrence of the expenditure;
- ... Bonded debt needed for financing;
- ... Involves real property acquisition or development;
- ... Expands utility systems; and/or
- ... Creates or expands a public building.

A simple definition of capital improvements, appropriate to a very small town, might include projects involving:

“Any expenditure for a project or facility having a useful life of at least 3 years and requiring a gross expenditure of at least \$ 5,000.”

For larger communities, a more complex definition might be appropriate, defining a capital project as that which is:

“A non-recurring expenditure for a project or facility having a useful life of at least five years, involving a gross expenditure of at least \$50,000, excluding scheduled vehicle replacement; or any project involving financing by bonded indebtedness; or the acquisition or development of any real property; or the extension, of any utility service, regardless of its cost.”

The above are hypothetical sample definitions. Whatever definition is selected should fit within the community's view of a "major expenditure" in the context of the size of the annual budget, and should include the types of projects which have potential for conflict, overlap, or potential influence on the pattern of growth and development. Different threshold criteria might be applied to municipal government versus school district and public utility capital costs. School and public works capital expenditures are often of a large scale, usually financed by long term bonds.

Types of Capital Projects

Generally, a capital project creates a depreciable asset, while operating costs relate to the expenses of delivering services to persons and properties, and the costs of operating and maintaining fixed capital assets. For example, the costs of engineering and constructing a sewage treatment plant upgrade are capital items; the costs of an additional plant operator or the expense of running the larger plant are operating costs.

However, not all capital expenditures involve physical facilities. They may involve special studies and analyses, town-wide property revaluation, engineering and design costs, or land acquisition or landfill reclamation/decommissioning costs. A sample list of possible capital projects is illustrated in *Exhibit VI-2*. Some "soft costs" such as planning studies and architectural and engineering costs, may be capital costs whether or not they lead to the tangible development of a project.

This list is by no means exhaustive, and local definitions are the most appropriate. Providing department heads and the committee with such a list, however, may be useful in stimulating their thinking about the range of capital improvement projects which might be identified in the CIP.

EXHIBIT VI-2: TYPES OF CAPITAL IMPROVEMENT PROJECTS

Administration Building	Police Station
Airport	Public Safety Buildings
Architectural Costs	Public Works Buildings
Bridge Construction and Reconstruction	Recreation Facilities
Cemeteries	Recycling Buildings & Equipment
Community Centers	Redevelopment Projects
Community Development	Revaluation of Property
Computer Equipment	School Construction, Additions
Conservation - Acquisition	Sewage Treatment Plant
Consultant Expense - Special Studies	Sewer Mains
Drainage Facilities	Sidewalks & Curbs
Engineering Costs	Site Preparation Costs
Fire Station	Solid Waste Facilities & Equipment
GIS Equipment	Storm Drains
Highway Garage	Street Lights
Highway Reconstruction	Swimming Pool
Historic Preservation Projects	Tax Map Revision
Industrial Park Development	Town Hall
Land Acquisition	Transfer Station
Landfills and Closeout Costs	Vehicle Purchase/Replacement
Library	Water Mains
Master Plan Development	Water Supply Development
Parks	Water Treatment Plant
Playgrounds	

STEP 3. PREPARE A FISCAL ANALYSIS

Become familiar with how much capital spending has gone on in the past, and how much is reasonable as part of the annual tax dollar. Establish a fiscal goal and develop a gross estimate of the size of the annual capital expenditure the community can support under reasonable taxation.

A fiscal analysis of municipal and school capital expenditures and revenues is a recommended but optional task in the CIP process. The fiscal analysis will help the planning board or CIP committee develop a more complete understanding of the structure of local costs and revenues, while creating a capital spending history, and may reveal the need for coordination or targets for potential cost savings. This step will become essential if the CIP is intended to support an impact fee ordinance.

The major components of a fiscal analysis should include:

- ... Review of the history of capital expenditures (capital reserves, expendable trusts, capital leases, bond projects);
- ... Identification of the source of revenue applied to capital expenditures;
- ... Computation of the typical level of capital spending as a proportion of total expenditures in past years;
- ... Review of growth in the tax base and the net tax expense of municipal and school services;
- ... Forecasts of future tax revenue availability;
- ... Recommendations for a target amount of annual capital expenditure for general planning purposes; and
- ... Review of statutory debt limits for capital projects.

Review Past Capital Expenditures and Dedicated Revenues***Municipal Capital Projects***

Having defined capital projects in Step 2, the next step is to develop a 6-year history of capital expenditures and the sources of revenue which were applied to specific capital costs on an annualized basis. The structure of such an analysis is illustrated by the worksheet in *Exhibit VI-3*.

Municipal Capital Expenditures. *Exhibit VI-3* is designed for the recording of a 10-year history of capital expenditures by department. These expenditures may be identified by utilizing the working definition of capital cost, and extracting actual capital expenditures from town and school district reports. The gross amount of the expenditure for each year should be entered in the appropriate row and column. Appropriations to capital reserve accounts and principal and interest payments on long-term debt should also be included.

Revenues Dedicated to Capital Projects. Directly below the expenditure entries should appear bond proceeds, capital reserve withdrawals, and other non-current-year property tax dollars which were applied directly to the capital expenditures listed above. Total capital outlay less total dedicated revenues equals the net capital expense borne

on the property tax rate for that year.

Taxes Raised for Municipal Capital Projects. The net assessed valuation (after exemptions) upon which taxes were raised in a given year should be entered in the "assessed valuation" line of *Exhibit VI-3*. The approximate tax rate needed to support capital projects in each year can be computed in terms of the rate per thousand valuation as indicated according to the method shown in *Exhibit VI-3*.

On the next line, the total municipal tax rate (excluding county and school rates assessed) for that year should be entered. Enter on the bottom line, the computation of the approximate proportion of the municipal tax rate (or net tax expenditures) which supported past capital expenditures.

This analysis, and the analysis in *Exhibit VI-4* outlining the school district costs, is especially important to the CIP process in a community developing its program for the first time, or where there is some local resistance to the process. The ten-year fiscal history is likely to reveal that:

- ... Capital spending does not represent something new to the community, and eventually occurs whether planned or not;
- ... Patterns of past expenditures reveal some inefficiencies, stopgap measures, or overlap; and/or
- ... Levels of capital expenditure and investment have been "lumpy" in some years, causing instability in the tax rate.

Such findings may be cited by the planning board or CIP committee in its rationale for developing the CIP and explaining the need for the process to the public.

EXHIBIT VI-3: TEN-YEAR HISTORY OF CAPITAL EXPENDITURES FOR MUNICIPAL GOVERNMENT DEPARTMENTS

DEPARTMENT	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	TOTAL
General Government	\$3,000			\$17,000		\$12,000	\$26,000	\$140,000	\$375,000	\$74,000	\$647,000
Public Safety											
Police	\$6,000	\$17,000		\$18,000		\$12,000	\$25,000			\$21,000	\$99,000
Fire & Rescue			\$102,000					\$501,000	\$21,000		\$624,000
Highways and Streets	\$8,000	\$19,000						\$27,000	\$29,000	\$11,000	\$94,000
Solid Waste				\$30,000			\$1,068,000	\$27,000			\$1,125,000
Health & Welfare											\$0
Parks & Recreation											\$0
Library				\$10,000						\$8,000	\$18,000
Conservation					\$30,000			\$362,000	\$20,000	\$142,000	\$554,000
Housing & Community Devel											\$0
Sewer & Sewage Treatment											\$0
Water Supply & Treatment											\$0
Appropriations to Capital Reserves	\$23,000	\$29,000	\$38,000	\$40,000	\$13,000	\$13,000		\$15,000	\$66,000	\$104,000	\$341,000
Principal & Interest - Bonded Debt	\$0	\$0	\$0		\$15,000	\$14,000	\$13,000	\$151,000	\$182,000	\$207,000	\$582,000
TOTAL CAPITAL EXPENDITURES	\$40,000	\$65,000	\$140,000	\$115,000	\$58,000	\$51,000	\$1,132,000	\$1,223,000	\$693,000	\$567,000	\$4,084,000
Revenues Applied to Project Costs (excluding current year property taxes)											
Federal Funds								\$182,000			\$182,000
State Funds									\$14,000	\$15,000	\$29,000
Capital Reserve Withdrawal		\$14,000	\$52,000	\$60,000				\$41,000	\$67,000	\$9,000	\$243,000
Bond Proceeds			\$52,000				\$1,068,000	\$501,000			\$1,621,000
Impact Fee Accounts											\$0
Gifts/L.U. Change Tax/Other									\$332,000	\$117,000	\$449,000
TOTAL AVAILABLE REVENUES	\$0	\$14,000	\$104,000	\$60,000	\$0	\$0	\$1,068,000	\$724,000	\$413,000	\$141,000	\$2,524,000
NET ANNUAL CAPITAL EXPENSE (Funded by Current Year Property Tax)	\$40,000	\$51,000	\$36,000	\$55,000	\$58,000	\$51,000	\$64,000	\$499,000	\$280,000	\$426,000	\$1,560,000
ASSESSED VALUATION On Which Taxes are Raised	\$65,000,000	\$60,000,000	\$69,000,000	\$72,000,000	\$78,000,000	\$81,000,000	\$84,000,000	\$85,000,000	\$210,000,000	\$230,000,000	
TAX RATE IMPACT FOR CAPITAL PROJECTS Compute: (Net Annual Capital Expense/(Assessed Valuation(\$1,000)) = Tax Rate Impact Per Thousand Valuation	\$0.62	\$0.85	\$0.52	\$0.76	\$0.74	\$0.63	\$0.76	\$5.87	\$1.33	\$1.85	
TOTAL MUNICIPAL TAX RATE (Exclude County & School Rates)	\$3.00	\$4.00	\$4.50	\$7.00	\$7.00	\$6.50	\$5.50	\$7.00	\$3.00	\$3.50	
CAPITAL PROJECT SHARE OF TAX Compute: (Tax Rate for Capital Projects/Total Tax Rate) = Capital Project Impact as % of Total	20.5%	21.3%	11.6%	10.9%	10.6%	9.7%	13.9%	83.9%	44.4%	52.9%	10-yr Avg. 28.0%

School District Capital Costs

School district capital costs will generally involve long-term debt. Because school district budgets and capital needs are often more extensive than those of the municipality, dollar amount thresholds for defining capital projects may be higher for schools than for the municipality. In addition, the municipal share of school district capital costs will vary from one community to another based on local funding formula and differing eligibilities for state aid to the district for capital costs. *Exhibit VI-4* provides a worksheet for analyzing the history of school district bonded capital expenditures, allowing for a number of bond issues to be included. Total annual debt service is computed as the sum of the principal and interest payments of all bonded debt for the district.

The next step in *Exhibit VI-4* is to deduct state building aid provided to the district as a percent of annual principal. Known actual amounts received should be entered if available. If unknown, they can be estimated based on the district's eligibility for capital cost reimbursement as determined by the New Hampshire Department of Education. Depending upon the number of towns in the district, this proportion may range from 30 to 55 percent of annual principal payments. The *net capital expense* to the school district, after state aid reimbursement, is then computed by subtracting the state building aid amount from the district's total bond payment.

The local government share of the net capital expense to the district can then be shown by either entering actual dollar amounts, if known, or by computing the amount based on a percentage formula which reflects local school district cost apportionment policies. Apportionment of costs is usually defined according to the community's share of the district's equalized assessed valuation, its share of average daily membership (attendance or enrollment), or a combination of these factors. A percentage approximating the town's share should be obtainable from school administrative officials.

Local Taxes Raised for School Capital Projects. The net local assessed valuation is then entered on this sheet just as it was in the municipal expenditure summary (See *Exhibit VI-3*). The portion of the local school tax rate supporting capital projects may be computed by formula based on local assessed valuation. The total school tax rate may then be entered (usually found in Town Reports), excluding municipal and county rates. As with the municipal capital projects, the school tax rate needed to support capital debt service costs may be computed as a percentage of the total school tax rate.

Outcome of Capital Expenditure Analysis

The completion of worksheets in *Exhibits VI-3 and VI-4* generates the following information:

- ... A history of capital outlay;
- ... A history of revenues available to finance capital projects;
- ... Annualized net capital expense borne by the tax rate; and
- ... An indication of the amount of annualized capital expenditure supported by the community in the past.

EXHIBIT VI-4: MUNICIPAL SHARE OF SCHOOL DISTRICT CAPITAL COSTS (LONG-TERM DEBT)

		1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	TOTAL
SCHOOL DISTRICT BONDED CAPITAL EXPENDITURES												
Yr. Issued Purpose Payments:												
1	1985 - State Guaranteed											
	Principal	\$27,000	\$27,000	\$27,000	\$27,000	\$22,000	\$22,000	\$22,000	\$22,000	\$22,000	\$22,000	\$240,000
	Interest	\$26,000	\$24,000	\$22,000	\$20,000	\$18,000	\$17,000	\$15,000	\$13,000	\$12,000	\$10,000	\$177,000
	Total	\$53,000	\$51,000	\$49,000	\$47,000	\$40,000	\$39,000	\$37,000	\$35,000	\$34,000	\$32,000	\$417,000
2	1985 State Non-Guaranteed											
	Principal	\$12,000	\$12,000	\$12,000	\$12,000	\$7,000	\$7,000	\$7,000	\$7,000	\$7,000	\$7,000	\$90,000
	Interest	\$9,000	\$8,000	\$8,000	\$7,000	\$6,000	\$5,000	\$5,000	\$5,000	\$4,500	\$4,000	\$61,500
	Total	\$21,000	\$20,000	\$20,000	\$19,000	\$13,000	\$12,000	\$12,000	\$12,000	\$11,500	\$11,000	\$151,500
3	1987 - Construct Addition											
	Principal	\$32,000	\$32,000	\$27,000	\$27,000	\$27,000	\$27,000					\$172,000
	Interest	\$13,000	\$11,000	\$9,000	\$7,000	\$5,500	\$4,000					\$49,500
	Total	\$45,000	\$43,000	\$36,000	\$34,000	\$32,500	\$31,000	\$0	\$0	\$0	\$0	\$221,500
4	1998 - New Construction											
	Principal									\$305,000	\$305,000	\$610,000
	Interest								\$201,000	\$275,000	\$260,000	\$736,000
	Total	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$201,000	\$580,000	\$565,000	\$1,346,000
	Principal Payments	\$71,000	\$71,000	\$66,000	\$66,000	\$56,000	\$56,000	\$29,000	\$29,000	\$334,000	\$334,000	\$1,112,000
	Interest Payments	\$48,000	\$43,000	\$39,000	\$34,000	\$29,500	\$26,000	\$20,000	\$219,000	\$291,500	\$274,000	\$1,024,000
	Total Debt Service	\$119,000	\$114,000	\$105,000	\$100,000	\$85,500	\$82,000	\$49,000	\$248,000	\$625,500	\$608,000	\$2,136,000
STATE BUILDING AID REIMBURSEMENT TO DISTRICT												
At 30% of Annual Principal		\$21,300	\$21,300	\$19,800	\$19,800	\$16,800	\$16,800	\$8,700	\$8,700	\$100,200	\$100,200	\$333,600
SCHOOL DISTRICT NET CAPITAL EXPENSE												
After State Aid Reimbursement		\$97,700	\$92,700	\$85,200	\$80,200	\$68,700	\$65,200	\$40,300	\$239,300	\$525,300	\$507,800	\$1,802,400
LOCAL ASSESSED VALUATION												
On Which Taxes Are Raised		\$65,000,000	\$60,000,000	\$69,000,000	\$72,000,000	\$78,000,000	\$81,000,000	\$84,000,000	\$85,000,000	\$210,000,000	\$230,000,000	
SCHOOL TAX RATE FOR CAPITAL PROJECTS												
Compute:		\$1.50	\$1.55	\$1.23	\$1.11	\$0.88	\$0.80	\$0.48	\$2.82	\$2.50	\$2.21	
(Net Annual Capital Expense/(Assessed Valuation/\$1,000)) = Tax Rate Impact Per Thousand Valuation												
TOTAL SCHOOL TAX RATE												
(Exclude Municipal and County Rates)		\$35.50	\$37.00	\$40.50	\$39.00	\$39.00	\$42.00	\$46.00	\$47.00	\$17.00	\$19.00	10-Yr. Avg.
CAPITAL PROJECT SHARE OF SCHOOL TAXES												
Compute:		4.2%	4.2%	3.0%	2.9%	2.3%	1.9%	1.0%	6.0%	14.7%	11.6%	5.2%
(Tax Rate for Capital Projects/Total Tax Rate) = Capital Project Impact as % of Total												

Review Past Operating Expenditures and Revenues

Operating Expenditures

The balance of municipal expenditures, and those revenues not earmarked for specific capital projects, may be considered as operating expense and operating revenue. The worksheet in *Exhibit VI-5* provides for entries of operating expenditures by department or function for the past 10 years. Any capital expenditures identified earlier in *Exhibit VI-3* should *not* be included in the amounts designated as operating expenditures in *Exhibit VI-5*. The total of all operating costs for municipal services can then be calculated.

The local costs for operating expenditures for schools can be determined simply by entering the total school district costs assessed to the town for the given year, and then subtracting the local debt service portion from the total.

Similarly, the town's county tax assessment dollar amount can be entered in the same manner as a lump sum in *Exhibit VI-5*. Total gross operating costs may then be determined as the sum of municipal and local school district operating expenses, plus county assessments.

Operating Revenues

Exhibit VI-6 provides a worksheet for determining the amount of non-property tax revenues which are applied to operating expenses. The entries should exclude all specific dollar amounts listed previously as dedicated revenues for capital projects entered earlier in *Exhibits VI-3* and *VI-4*. Total municipal non-property revenues may then be totaled.

In addition, communities receive state school foundation aid targeted to help pay for school costs. [This is a different fund than that which provides direct reimbursement to *school districts* for eligible capital costs.] For CIP purposes, it is recommended that school foundation aid be considered as an offset to school *operating* costs.

In the bottom portion of *Exhibit VI-6*, the net property tax expense to the municipality may be determined by subtracting the *revenues* identified in *Exhibit VI-6* from the *expenditures* for the same categories identified at the bottom of *Exhibit VI-5*. The result is the net property tax expense for locally-funded municipal, school district and county operating costs.

Outcome of Operating Cost and Revenue Analysis

The completion of worksheets in *Exhibits VI-5* and *VI-6* will produce:

- ... An understanding of municipal, school and county operating expenses and trends, with municipal expenditures identified by department;
- ... A history of revenue availability from the federal, state and local sources in support of municipal and school operating expenditures over the past 10 years; and
- ... A capacity for analyzing past changes in local costs and revenues, providing a basis for future projections.

EXHIBIT VI-5: HISTORY OF OPERATING EXPENDITURES BY FUNCTION

	Year										Change From 1997 to 2006	
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	Dollars	%
DEPARTMENT												
General Government	\$194,000	\$216,000	\$214,000	\$218,000	\$294,000	\$294,000	\$323,000	\$342,000	\$375,000	\$442,000	\$248,000	127.8%
Public Safety												
Police	\$116,000	\$115,000	\$124,000	\$137,000	\$150,000	\$197,000	\$190,000	\$199,000	\$228,000	\$260,000	\$144,000	124.1%
Fire & Rescue	\$34,000	\$36,000	\$36,000	\$36,500	\$35,000	\$36,000	\$39,000	\$41,000	\$48,000	\$50,000	\$16,000	47.1%
Ambulance	\$44,000	\$48,000	\$51,000	\$53,500	\$53,500	\$54,000	\$55,500	\$58,000	\$84,500	\$87,000	\$43,000	97.7%
Highways and Streets	\$140,000	\$184,000	\$156,000	\$170,000	\$200,000	\$265,000	\$191,000	\$228,000	\$237,000	\$325,000	\$185,000	132.1%
Solid Waste	\$56,000	\$59,000	\$60,500	\$64,500	\$111,000	\$106,000	\$95,000	\$102,000	\$109,000	\$137,000	\$81,000	144.6%
Health & Welfare	\$25,000	\$22,000	\$21,000	\$27,000	\$22,500	\$24,000	\$28,000	\$22,000	\$22,000	\$27,500	\$2,500	10.0%
Culture & Recreation	\$41,000	\$45,500	\$45,000	\$54,000	\$65,000	\$69,500	\$77,500	\$76,500	\$26,500	\$106,000	\$65,000	158.5%
Interest - Tax Anticipation	\$5,100	\$4,800	\$5,600	\$0	\$0	\$0	\$0				-\$5,100	-100.0%
Miscellaneous	\$17,500							\$4,800	\$18,000		-\$17,500	-100.0%
Sewer Department											\$0	
Water Department											\$0	
TOTAL OPERATING COSTS:												
Municipal Services	\$672,600	\$730,300	\$713,100	\$760,500	\$931,000	\$1,045,500	\$999,000	\$1,073,300	\$1,148,000	\$1,434,500	\$761,900	113.3%
SCHOOL DISTRICT ASSESSMENT												
Excluding Debt Service Costs	\$2,380,000	\$2,670,000	\$2,610,000	\$2,943,000	\$3,126,000	\$3,253,000	\$3,814,000	\$3,742,000	\$3,615,000	\$3,892,000	\$1,512,000	63.5%
COUNTY TAX ASSESSMENT												
	\$160,000	\$164,000	\$166,500	\$190,000	\$207,000	\$211,000	\$205,000	\$212,000	\$240,000	\$244,000	\$84,000	52.5%
TOTAL OPERATING COSTS	\$3,212,600	\$3,564,300	\$3,489,600	\$3,893,500	\$4,264,000	\$4,509,500	\$5,018,000	\$5,027,300	\$5,003,000	\$5,570,500	\$2,357,900	73.4%

EXHIBIT VI-6: HISTORY OF NON-PROPERTY TAX REVENUES AND NET LOCAL TAX COSTS

	Year										Change From 1997 to 2006	
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	Dollars	% Change
SOURCES OF REVENUE												
Taxes: non-property	\$79,500	\$107,500	\$131,000	\$115,000	\$114,000	\$104,000	\$117,000	\$226,000	\$303,000	\$79,000	-\$500	-0.6%
Licenses, Permits & Fees	\$197,000	\$220,000	\$271,000	\$308,500	\$345,500	\$377,000	\$416,000	\$527,500	\$579,500	\$691,000	\$494,000	250.8%
Intergovernmental - state	\$124,000	\$117,500	\$135,000	\$136,000	\$145,500	\$148,500	\$188,000	\$113,500	\$163,000	\$146,000	\$22,000	17.7%
Intergovernmental - federal		\$2,500			\$11,000	\$82,500	\$34,500	\$125,500		\$85,500	\$85,500	N/A
Charges for Services	\$28,500	\$25,500	\$17,000	\$13,000	\$18,500	\$12,500	\$22,000	\$26,000	\$30,500	\$30,500	\$2,000	7.0%
Interest		\$15,500	\$15,500	\$27,500	\$46,500	\$60,000	\$77,000	\$71,000	\$58,500	\$74,500	\$74,500	N/A
Miscellaneous	\$102,500	\$61,500	\$83,000	\$37,500	\$47,000	\$58,500	\$46,000	\$31,000	\$63,000	\$32,500	-\$70,000	-68.3%
Sewer User Fees											\$0	
Water User Fees											\$0	
TOTAL NON-PROPERTY REVENUES												
For Municipal Services	\$531,500	\$550,000	\$652,500	\$637,500	\$728,000	\$843,000	\$900,500	\$1,120,500	\$1,197,500	\$1,139,000	\$607,500	114.3%
NET PROPERTY TAX EXPENSE												
MUNICIPAL	\$141,100	\$180,300	\$60,600	\$123,000	\$203,000	\$202,500	\$98,500	-\$47,200	-\$49,500	\$295,500	\$154,400	109.4%
SCHOOL DISTRICT	\$2,380,000	\$2,670,000	\$2,610,000	\$2,943,000	\$3,126,000	\$3,253,000	\$3,814,000	\$3,742,000	\$3,615,000	\$3,892,000	\$1,512,000	63.5%
COUNTY	\$160,000	\$164,000	\$166,500	\$190,000	\$207,000	\$211,000	\$205,000	\$212,000	\$240,000	\$244,000	\$84,000	52.5%
TOTAL	\$2,681,100	\$3,014,300	\$2,837,100	\$3,256,000	\$3,536,000	\$3,666,500	\$4,117,500	\$3,906,800	\$3,805,500	\$4,431,500	\$1,750,400	65.3%

Forecast Future Operating Costs

Future Municipal Expenditures

There are a number of ways to project future operating expenditures for the municipality. It is recommended that forecasts be done on a department-by-department basis for two reasons: (1) changes in the cost of services may differ radically by department; and (2) some costs remain relatively fixed over time while others vary with growth.

For example, a community which has been growing primarily along existing highways may experience increases in school, government and public safety costs, but not in highway maintenance. Also, changes in the cost of administration, including legal and insurance costs, may show a range of fluctuating costs unrelated to the rate of growth in personnel or the rate of inflation. The annual changes determined from analysis of *Exhibit VI-6* data, for the past 10 years, may be used as a guide to project future operating expenditures, developed with the increases being computed by one of several methods:

- ... Average annual lump sum dollar increases;
- ... Average annual percentage changes;
- ... Changes based on base-year per capita or per-housing unit costs, applied to the projected residential growth of the community; and
- ... Projections prepared independently by the chief fiscal officer(s), the budget committee, or the departments.

These forecasts should then be entered as estimated dollar amounts on the worksheet of *Exhibit VI-7*.

Programmed Municipal Debt Service

After annual operating costs have been projected, future scheduled principal and interest payments to debt service for existing facilities should be entered. Future bonded debt schedules may be obtained from the municipal offices, and are often found in the annual financial audit within a town or school district annual report.

The forecast of total municipal expenditures (excluding new capital items) is then determined by the sum of the projected operating costs and programmed debt service, and entered on the *Exhibit VI-7* worksheet.

School District Expenditures

The local share of school operating costs may also be forecast based on the historical changes evident from *Exhibit VI-6*, or based on interviews with school officials. Once these projections are made, amounts should be added in the next row representing the local share of programmed school district debt service (after allowing for offsetting state aid to the district for capital costs). The total of projected local shares of school operating costs and programmed debt should be equivalent to the projected local appropriation to the school district, without the addition of any new capital projects.

County Appropriation

The county tax assessment to the community may be forecast based on past trends, or based on interviews with the County Administrator or Commissioners. The county tax assessments to municipalities are primarily a function of the municipal share of the total county equalized assessed valuation. A forecast of the community's share of the county total may be entered, based on interviews with county officials, or based on the extrapolation of past trends.

The total of operating costs and debt service commitments for municipal, school, and county costs borne by the municipality may then be computed and entered at the bottom of *Exhibit VI-7*.

Forecast Future Revenues

Non-Property Tax Revenues

Exhibit VI-8 provides a worksheet for estimating future revenues. These revenues may be forecast based on the results obtained in the worksheet from *Exhibit VI-6*, and/or relying upon the judgment of municipal and school district administrative staff, boards and budget committees. If based on past trends, forecasts are likely to reflect increasing reliance on local revenues such as licenses, permits, fees and charges for services, and a declining dependence on federal and state revenues.



Non-property tax revenues which are to be *specifically dedicated* to future capital projects *should not* be included in this table. These sources will be incorporated later into the 6-year capital program, in which available project-specific revenues are applied to offset project capital costs.

In addition to general operating and intergovernmental revenues, a separate line item has been provided for the school building aid or other school funding programs. The School Building Aid¹ program provides financial reimbursement for the cost of construction or substantial renovation of school buildings. School districts may receive up to 60% of the cost of construction, land acquisition, planning & design, furniture, fixtures and equipment. The total of non-property revenues available to support municipal operating expenses, plus school foundation aid, equals the total non-property revenue forecast for each of the future years.



In computing increases in assessed valuation, the years in which a town-wide reassessment of property to full market value took place cannot be used as base or end-point years for calculating the change.

Future Property Tax Revenues

A forecast of future property tax revenues may be developed using assumptions about the rate of change in net local assessed property valuation and the assessment of a "reasonable" tax rate. For example, a review of changes in assessed valuation for the past 10 years (already prepared in *Exhibits VI-3 and VI-4*) may indicate that assessed valuation has been growing at 1 to 2 percent per year, depending on economic conditions, an average rate of increase may then be applied to project future assessed valuation. This will be entered in *Exhibit VI-8*.

¹For more information on the School Building Aid program or other school funding programs, visit the NH Department of Education website at: www.state.nh.us/buildingaid.

EXHIBIT VI-7: FORECAST OF FUTURE OPERATING EXPENDITURES AND DEBT SERVICE

	Year 1						Year 2						Year 3						Year 4						Year 5						Year 6						2016						Avg. Annual Change	
	2007		2008		2009		2010		2011		2012		2013		2014		2015		2016		2017		2018		2019		2020		2021		2022		Dollars		%									
DEPARTMENT																																												
General Government	\$750,000		\$780,000		\$810,000		\$840,000		\$870,000		\$900,000		\$930,000		\$960,000		\$990,000		\$1,020,000												\$270,000.00		3.5%											
Public Safety																																												
Police	\$100,000		\$120,000		\$140,000		\$170,000		\$190,000		\$210,000		\$230,000		\$250,000		\$320,000		\$290,000												\$190,000.00		12.6%											
Fire & Rescue	\$270,000		\$290,000		\$310,000		\$330,000		\$350,000		\$370,000		\$390,000		\$570,000		\$580,000		\$600,000												\$330,000.00		9.3%											
Highways and Streets	\$90,000		\$110,000		\$130,000		\$155,000		\$175,000		\$200,000		\$215,000		\$230,000		\$245,000		\$260,000												\$170,000.00		12.5%											
Solid Waste	\$55,000		\$75,000		\$95,000		\$120,000		\$130,000		\$145,000		\$160,000		\$175,000		\$190,000		\$260,000												\$205,000.00		18.8%											
Health & Welfare	\$35,000		\$45,000		\$55,000		\$70,000		\$85,000		\$100,000		\$115,000		\$130,000		\$145,000		\$160,000												\$125,000.00		18.4%											
Culture & Recreation	\$35,000		\$45,000		\$55,000		\$70,000		\$85,000		\$100,000		\$115,000		\$130,000		\$145,000		\$160,000												\$125,000.00		18.4%											
Interest - Tax Anticipation	\$60,000		\$70,000		\$80,000		\$95,000		\$105,000		\$125,000		\$145,000		\$165,000		\$185,000		\$205,000												\$145,000.00		14.6%											
Miscellaneous	\$115,000		\$125,000		\$145,000		\$160,000		\$170,000		\$200,000		\$220,000		\$240,000		\$260,000		\$280,000												\$165,000.00		10.4%											
Sewer Department																																												
Water Department																																												
OPERATING COSTS-MUNICIPAL																																												
(Total Above Departments)	\$1,510,000		\$1,660,000		\$1,820,000		\$2,010,000		\$2,160,000		\$2,350,000		\$2,520,000		\$2,850,000		\$3,060,000		\$3,235,000												\$1,725,000		8.8%											
DEBT SERVICE-MUNICIPAL																																												
(Long-Term Bonded Debt - Committed)	\$155,200		\$600,000		\$550,000		\$540,000		\$530,000		\$520,000		\$510,000		\$400,000		\$380,000		\$350,000												\$194,800		9.5%											
TOTAL MUNICIPAL EXPENDITURE																																												
(Operating Plus Long-Term Debt)	\$1,665,200		\$2,260,000		\$2,370,000		\$2,550,000		\$2,690,000		\$2,870,000		\$3,030,000		\$3,250,000		\$3,440,000		\$3,585,000												\$1,919,800		8.9%											
LOCAL SHARE OF SCHOOL OPERATING COST																																												
(Excluding Debt Service Costs)	\$4,110,000		\$4,350,000		\$4,600,000		\$4,850,000		\$5,100,000		\$5,500,000		\$5,700,000		\$6,000,000		\$6,400,000		\$6,800,000												\$2,690,000		5.8%											
LOCAL SHARE OF SCHOOL DEBT SERVICE																																												
(Long-term Bonded Debt - Committed)	\$480,000		\$500,000		\$650,000		\$630,000		\$600,000		\$570,000		\$560,000		\$530,000		\$520,000		\$500,000												\$20,000		0.5%											
LOCAL SHARE OF SCHOOL COSTS																																												
(Total Local Appropriation Forecast)	\$4,590,000		\$4,850,000		\$5,250,000		\$5,480,000		\$5,700,000		\$6,070,000		\$6,260,000		\$6,530,000		\$6,920,000		\$7,300,000												\$2,710,000		5.3%											
COUNTY TAX ASSESSMENT																																												
(Assume 5% increase every year)	\$345,000		\$362,250		\$380,363		\$399,381		\$419,350		\$440,317		\$462,333		\$485,450		\$509,722		\$535,208														\$190,208		5.0%									
TOTAL OF OPERATING COSTS AND DEBT SERVICE COMMITMENTS																																												
(Municipal, School and County Total)	\$6,600,200		\$7,472,250		\$8,000,363		\$8,429,381		\$8,809,350		\$9,380,317		\$9,752,333		\$10,265,450		\$10,869,722		\$11,420,208														\$4,820,008		6.3%									

Assignment of "Reasonable" Tax Rate

Most citizens are concerned with the net effect of capital improvements on their total tax rate (town, school and county combined). Local fiscal policy may reflect a desire to keep the tax rate from increasing by more than "X" percent per year, or a maximum acceptable tax rate based on current valuations may be assumed. Forecasts of future net assessed valuation, and assumptions of acceptable increases or changes in the overall tax rate may be entered for each planning year in *Exhibit VI-8*.

Total future "available" property taxes are calculated by multiplying the tax rate per thousand valuation by the net assessed valuation (in thousands of dollars). This computation yields an estimate of the total property taxes which will be available in the forecast years, given the assumptions entered for tax base growth and the assignment of a reasonable tax rate. The combination of anticipated non-property revenues and future generation of property taxes represents the gross amount of regular revenues available to fund operating costs, existing and future debt service, and capital projects.

Estimate Revenue Available to Fund New Capital Projects

Revenues available to the future capital program are estimated by taking the forecast of operating costs and debt service for future years as calculated in *Exhibit VI-7* and subtracting the total forecast of revenues for that year shown in *Exhibit VI-8*. The difference is the annual non-dedicated revenue that may be considered available to fund new capital projects. Adjustments of the various assumptions about the tax rate and net local assessed valuation may be necessary to arrive at a reasonable figure.

The results of this analysis should be interpreted on an "order-of-magnitude" basis, and should be compared to the actual scale of past capital spending to arrive at a recommended parameter for the locally-funded share of capital costs. The results provide a gross estimate of the new capital *expenditures* which may be supported annually by local funds without generating an unacceptable increase in the property tax rate. The amount available for future capital projects can, of course, be augmented by securing other non-local funds, including dedicated revenues from federal and state grants and loans, as new projects are planned.

Review Statutory Debt Limits

Statutory ceilings on outstanding bonded debt are generally high enough to permit planned capital improvements to proceed. However, the CIP may contain a brief analysis of the current and permitted outstanding debt. These limits are related to the property valuation of the municipality or district, and are calculated as a percent of the "base valuation for debt limits" computed and published annually by the New Hampshire Department of Revenue Administration (DRA).

Current limits on outstanding debt, given as percentages of the DRA base valuation, are:

... Municipal	3%
... School District	7%
... Village District	1%

EXHIBIT VI-8: FORECAST OF FUTURE REVENUES AND FUNDS AVAILABLE FOR NEW CAPITAL PROJECTS

	Year 1						Avg. Annual Change	
	2006	2007	2008	2009	2010	2011	2012	%
TOTAL NON-PROPERTY REVENUES For Municipal Services @ 5% growth per year	\$1,183,185	\$1,242,344	\$1,304,462	\$1,369,685	\$1,438,169	\$1,510,077	\$1,585,581	5.00%
SCHOOL BUILDING AID or other school funding programs		\$75,000	\$75,000	\$75,000	\$75,000			N/A
TOTAL NON-PROPERTY REVENUES	\$1,183,185	\$1,317,344	\$1,379,462	\$1,444,685	\$1,513,169	\$1,510,077	\$1,585,581	5.00%
TOTAL TOWN/SCHOOL/COUNTY OPERATING AND DEBT SERVICE	\$6,600,200	\$7,472,250	\$8,000,363	\$8,429,381	\$8,809,350	\$9,380,317	\$9,752,333	6.72%
PROPERTY TAXES NEEDED	\$5,417,015	\$6,154,906	\$6,620,901	\$6,984,696	\$7,296,181	\$7,870,240	\$8,166,752	7.08%

PROPERTY TAXES AVAILABLE

FORECAST OF NET ASSESSED VALUATION Estimated - Assumes 3% growth rate per year	\$250,418,182	\$257,930,727	\$265,668,649	\$273,638,709	\$281,847,870	\$290,303,306	\$299,012,405	\$48,594,223	3.00%
TAX RATE Needed to support cost (Estimate of Acceptable Rate)	\$21.63	\$23.86	\$24.92	\$25.53	\$25.89	\$27.11	\$27.31	\$5.68	3.96%
ACTUAL TAX RATE Assumes 3.5% growth rate per year	\$25.26	\$26.14	\$27.06	\$28.01	\$28.99	\$30.00	\$31.05	\$5.79	3.50%
CAPITAL BUDGET TAXES AVAILABLE (Add Property and Non-Property Tax Revenues)	\$3.63	\$2.28	\$2.14	\$2.48	\$3.10	\$2.89	\$3.74	\$2.89	
REVENUE AVAILABLE TO FUND NEW CAPITAL PROJECTS (Operating Costs + Debt Service) - Total Revenues	\$908,548.43	\$588,461.14	\$567,865.23	\$678,888.19	\$873,583.12	\$839,136.99	\$1,117,879.34	\$796,337.49	

The outstanding principal of bonded debt cannot exceed the above percentages of the base valuation for the applicable service area issuing the bonds. These ceilings will effectively limit bonding for capital improvements only in the few instances where there are many expensive improvements to be financed by bonded debt, and where the tax base is very limited. A review of debt limits is recommended as a means of anticipating future limits to revenue availability due to simultaneous bond issues for existing and future projects.

STEP 4. REVIEW THE MASTER PLAN



Planning boards or CIP committees need to review key portions of the master plan for indicators of long-term capital needs which improve existing services to meet community standards and accommodate a reasonable share of future growth. Strategic capital investments may be identified which further the goals of the land use plan and the economic development objectives of the community.

Key Sections For Review

In developing a capital improvements program, the planning board/CIP committee is *required* by statute to review the master plan in relation to the proposed capital improvements program. The review of the master plan and its goals and objectives should strive to identify a linkage between the capital improvements program and the community's long-term goals for facility improvement and providing capacity for future growth.

Particularly relevant sections of the master plan which should be carefully studied, and used in the CIP process, include:

Population and Housing

The population and housing sections of the master plan provide guidance to the potential growth in residential service demands and the future location of housing and population concentrations. For more rapidly growing communities, these elements may have a significant effect on planning for capital facility construction and the rate of growth in some operating expenditures.

Community Facilities

The community facilities section of the master plan generally contains an inventory of major capital facilities and equipment. This section should provide information on the adequacy of municipal and school facilities for existing and future needs. In general, the community facilities section takes a long-term view of community needs (perhaps 10-20 years). Such long-term facility planning may involve the need to make staged investments in multi-year capital projects, beginning with feasibility studies, and progressing through engineering, site acquisition and other related activities within the 6-year program of the CIP.

In some cases, the community facilities section of the master plan will contain recommended community standards or averages such as acres of recreation land per capita, personnel per thousand population, square feet of facility area per employee, or other measures which may be appropriate to extrapolate future facility needs based on expected growth.

Utilities

Public utilities, primarily water and sewer services, are among the more direct capital investments which shape the pattern of growth. They are fundamental to preserving public health and safety and are important foundations for economic development. Often, utilities represent sizeable investments in future capacity, especially for water or sewage treatment facilities. Even where these utilities are funded by independent precincts or districts, it is important that they be involved in a capital improvements programming process. Regardless of how they are funded, these services are of central importance to the planning board role in assuring adequate facility capacity to support existing and anticipated development.

Recreation

The recreation section of the master plan (sometimes contained within the community facilities section) often details the local pattern of demand on recreation facilities. The future development of such facilities often involves a lengthy process of site identification and acquisition, perhaps years prior to construction. A strategic parcel acquisition may be identified for action within the 6-year CIP to enable future construction of recreation facilities at a yet-to-be determined date.

Transportation

The transportation section of the master plan may indicate major highway construction or reconstruction needs and priorities for the community. Intersection or signalization improvements which will involve public funds should be identified in this section, as well as priority needs for bridge replacement or construction.

Economic Development

Some master plans contain an economic development or economic base chapter detailing strategies for expanding the tax base or the number of jobs in the community. This section may include recommendations for specific long-term capital investments that support economic development goals. These items may include a range of projects including direct investments in water and sewer line extensions, highway construction or industrial park development. The measures recommended in the master plan may also involve more indirect investments in community facilities, such as development of better school facilities.

Conservation and Preservation

While not commonly viewed as capital improvements or infrastructure investments, the acquisition of land and conservation easements or historic preservation projects, may be of strategic importance in the capital improvements planning process. Opportunities for acquisition of land or easements may be available only for a limited time; desirable parcels which are in the path of development may be targeted as priorities for public acquisition.

Community Surveys

Master plans are often accompanied or preceded by citizen surveys through which satisfaction with particular community services and facilities is measured. The public perception and rating of community

services and facilities may differ greatly from the priorities for improvements indicated by various independent departments. Opinion surveys may help define new directions for long-term capital investment.

Project Identification: Questions to Ask

In the review of the above elements of the master plan, major questions to be asked include:

- ... Are there advance planning costs, engineering, special studies, land acquisition or other short-term investments that should be made during the next six years to support the long-term facility needs of the next 10-20 years?
- ... Should capital reserve accounts be established now to provide for improvements needed either within or beyond the initial 6-year planning period?
- ... Will facilities be adequate to handle the anticipated growth of the community?
- ... Has the potential growth of the community, not only in population but in commercial and industrial development, been adequately considered in recommending capital facility improvements?

Classification of Projects Based on Master Plan

The capital facility investments identified from a review of the master plan may be initially classified in a general manner by groupings of projects that:

- ... Address an imminent danger or threat or are needed to respond to a state or federal mandate;
- ... Protect health and safety;
- ... Improve the quality or level of community services; and/or
- ... Expand capacity to serve new demand.

The planning board or committee may wish to make more detailed studies of those capital projects which now have, or will require, an expanded capacity to serve the demands of growth. Such facilities may be eligible for partial funding through impact fee assessments, special districts, or user fees.

Direct relationship of CIP to the Master Plan

Once projects have been identified and reviewed for inclusion in the capital improvements program (after Step 6), a table illustrating the direct relationship between the master plan goals/recommendations can be developed. Many communities have projects included in the CIP that are addressed in the master plan; thus the completion of these projects contribute to the implementation of the master plan goals and objectives. *Exhibit VI-9* on the following page presents an example of a table showing the direct relationship of CIP projects to the implementation of the master plan goals.

EXHIBIT VI-9: RELATIONSHIP OF CIP TO THE MASTER PLAN GOALS/RECOMMENDATIONS

Goal/Recommendation from the Master Plan	Project included in CIP
Conservation and Preservation Secure an open space bond for the purchase of priority open space parcels and/or the purchase of development rights of those parcels from willing landowners.	Purchase of Land through Capital Reserve Fund
Transportation The Town road system should receive a high level of maintenance and repair so as to maximize the capacity of the existing system and minimize major capital improvements in the future.	Highway Department: ... Road repaving program ... Bridge repair/replacement ... Large drainage structures
Transportation Improve the following two intersections with signalization or some other means: ... Route 107 at Main Street ... Route 35 at Main Street	Highway Department: ... Intersection improvement
Transportation Make various improvements in the following locations: ... Main Street between Route 107 and 35 ... Route 107 between Main Street and Bear Hill Road ... Mammoth Road at Route 107	Highway Department: ... Intersection improvements ... Sidewalk improvements
Recreation Provide additional quality recreational opportunities for residents.	Park, Recreation and Conservation Department: ... Purchase for Beaver Lake Campground ... Reconstruction of ball fields and soccer fields at Bear Park
Community Facilities Maintain a high level of service for the protection/safety of residents, as well as public and private property.	Police Department: ... Upgrade base station/radio communications ... Cruiser replacement Fire Department: ... New fire truck ... Finish upstairs space in fire station

NOTE: This table was developed from an example provided in The Town of Peterborough's Capital Improvements Program 2006-2011.

STEP 5. SOLICIT AND COMPILE PROJECTS



Contact all departments, agencies, districts and commissions having an impact on the overall capital spending which is supported by local citizens and taxpayers. Use interviews, meetings, and standardized forms to identify initial capital project proposals.

Required Communication With Departments

Planning boards or CIP committees are required to make determinations of capital facility needs in association with all affected agencies, departments, fiscal officials and committees when preparing a capital improvements program. The minimum statutory requirements for such contacts are stated in RSA 674:7, I:

"In preparing the capital improvements program, the planning board or the capital improvements program committee shall confer, in a manner deemed appropriate by the board or the committee, with the mayor or the board of selectmen, or the chief fiscal officer, the budget committee, other municipal officials and agencies, the school board or boards, and shall review the recommendations of the master plan in relation to the proposed capital improvements program."

The planning board or CIP committee may confer with these departments and agencies in the form of written correspondence, individual or group meetings, or through an advisory committee. The advisory committee itself may include department and commission heads. Communication with departments may be delegated to staff or to a consultant if these resources are available.

It is recommended that a *written record* be retained of the correspondence issued on behalf of the planning board or CIP committee to affected departments or agencies. A record of meetings or other CIP conferences should be retained on file. This "paper trail" should be maintained to document compliance with statutory requirements in the event of legal challenge. The CIP itself is an unlikely target for legal challenge. However, a growth management or impact fee ordinance which relies on the adoption of a CIP is more likely to draw controversy, potentially leading to a detailed review of the adequacy of all documents supporting their development.

A common omission in capital improvements programming is a failure to contact school district officials or to include school capital items under the assumption that, as a separate district, their facilities are not within the purview of the planning board or CIP committee. In fact, the statute specifically *requires* that contact be made with school officials, and school facilities are among the most costly capital improvements funded by the taxpayer. Similarly, village districts providing water service, fire protection, and other services should also participate since the object of the CIP is to plan and coordinate the provision of adequate services and facilities for the community at large.

Response to Planning Board or CIP Committee Required by Statute

Once a formal request has been issued by a planning board or committee that has been authorized by the municipality to prepare a CIP, affected agencies are required to honor that request by transmitting to the board or committee a statement of all capital projects proposed during the term of the program. (See RSA 674:7,II.)

It will be useful to ask that the chief executive officer(s) of the community send an independent cover letter (See *Exhibit VI-10*) to municipal departments, emphasizing the importance of their response to the capital improvements programming process. Some department heads, especially in smaller communities, are reluctant to propose expensive, long-term capital improvements, believing that they should defer these judgments to the Board of Selectmen. Municipal departments and officials may also be skeptical of the capacity of the CIP to produce results, leading them to participate only passively in the process.

The recommended way to gain support for the process and avoid unnecessary delay in preparing the CIP is to initiate effective communication from the beginning of the organizational process. Recommended steps for this process include:

- ... Hold initial "brainstorming" sessions and organizational meetings to talk to department heads about capital improvements needs. Include the board of selectmen, fiscal officers, and budget committee.
- ... Review with department heads the community facility recommendations of the most recent master plan to determine if they remain current or if other needs have developed since the adoption of the plan.
- ... Arrive at an agreement on an appropriate working definition of a capital improvements project.
- ... Explain the nature of the CIP as a non-binding planning document, which will be updated periodically. Advise the department's chief executive that the CIP is an advisory document only.
- ... Provide "Project Request Forms" accompanied by a target date for response. Without a clear date for a return of the forms or a follow-up meeting, the CIP process can easily break down at this point. The coordinator of the CIP process should be diligent in making follow-up calls or issuing reminder memos to department heads requesting responses to the request for capital projects.

Appendix H of this document provides a distribution and collection form useful for the CIP committee to keep track of which town department received a packet of information for project submittal.

Exhibit VI-10 is a sample transmittal memorandum requesting municipal departments and agencies to submit capital improvements project proposals to the planning board or CIP committee. *Exhibit VI-11* is a sample project worksheet and submission form for use by the departments in responding to the planning board or CIP committee request for a list of capital projects. It is recommended that a separate sheet be filed for each prospective project. The basic elements of the *Exhibit VI-11* project proposal form are:

- ... Project title and short description;
- ... Statement of the primary effect of the project;
- ... Description of project service area, indicating the number of persons benefiting;
- ... Project description and rationale as well as narrative justification with the need for the project. (All of the above items will assist in prioritizing the projects later);
- ... Cost estimate of improvement with component costs listed as appropriate;
- ... Statement of potential impact on operating or maintenance cost with the need for personnel as a result of the improvement; and
- ... Statement of estimated or known sources of funding or proposed funding of the project.

In addition to these forms, the CIP coordinator may want to issue to the departments a blank spreadsheet form showing a time period of 6 or more years, allowing departments to draft a preliminary schedule of proposed improvements over the period.

Although the statute does not require an analysis of the cost of capital improvements, nor their operating impacts, these items are recommended. The absence of a statutory mandate for the inclusion of a cost analysis implies that the main emphasis of the CIP is the *identification* of capital needs and their *priority*.

The planning board, CIP committee or CIP coordinator may also benefit from a public discussion of the need for capital projects, which may or may not be consistent with the interests of various departments. At such a forum, the project request forms could also be distributed to citizen participants who have an interest in proposing specific projects for a neighborhood or the community.

EXHIBIT VI-10: SAMPLE MEMO REQUESTING CAPITAL PROJECT PROPOSALS

Date: _____

To:	Board of Selectmen	Town Administrator	Recreation Commission
	Police Department	Fire Department	School Board
	Highway Superintendent	Library	Water Department
	Conservation Commission	Solid Waste Committee	Sewer Department

From: _____ Chairman, Planning Board [or CIP Committee]

Re: Capital Improvements Projects for [years covered by CIP]
 Response Requested By [____date____]

The preparation of a Capital Improvements Program (CIP) has been initiated by the _____ Planning Board [or CIP Committee], as authorized by the Town Meeting. Your list of specific capital projects envisioned for the planning period is needed for the CIP.

New Hampshire RSA 674:7 requires, as part of the CIP process, that municipal departments and related authorities and agencies transmit a statement of all capital projects they intend to undertake during the term of the CIP upon request of the Planning Board [or CIP Committee]. The statute also requires communication between the Planning Board [or CIP Committee] and the School Board in preparing the CIP.

The attached forms provide worksheets to assist in your response. Also attached to this memo is a list of long-term capital expenditure needs identified in the Community Facilities section of the Master Plan.

Please provide your recommendations for specific capital projects to be undertaken over the next 6 years, and cost estimates where possible. For the purpose of this CIP "capital projects" have been defined as those projects outside normal operations and maintenance, and having the following characteristics:

1. A gross cost of at least \$ _____; and
2. A useful life of at least _____ years; and
3. Is non-recurring (not an annual budget item); or
4. Any project requiring bond financing.

If the project is eligible for any federal or state grants, matching funds, or loans, please indicate this on the form. One summary sheet should be completed per project, with separate sheets added for explanation where necessary.

Please note that the CIP is an advisory document only; the inclusion of any particular project on your list or its listing in the CIP does not commit the town to that expenditure.

Please submit project information on the forms provided, adding explanations where necessary, by [insert date for return of forms] to the Planning Board Office [or other].

EXHIBIT VI-11: CAPITAL PROJECT WORKSHEET AND SUBMISSION FORM

Department: _____		Department Priority: _____ of _____ Projects									
Type of Project: (check one)	Primary effect of project is to: _____ Replace or repair existing facilities or equipment _____ Improve quality of existing facilities or equipment _____ Expand capacity of existing services level/facility _____ Provide new facility or service capacity										
Service Area of Project: (check at least one)	<table style="width: 100%; border: none;"> <tr> <td style="width: 50%; border: none;"> _____ Region _____ Municipality _____ School District _____ _____ District </td> <td style="width: 50%; border: none;"> _____ Central Business District _____ Neighborhood _____ Street _____ Other Area </td> </tr> </table>			_____ Region _____ Municipality _____ School District _____ _____ District	_____ Central Business District _____ Neighborhood _____ Street _____ Other Area						
_____ Region _____ Municipality _____ School District _____ _____ District	_____ Central Business District _____ Neighborhood _____ Street _____ Other Area										
Project Description:											
Rationale for Project: (check those that apply; elaborate below)	<table style="width: 100%; border: none;"> <tr><td>_____ Removes imminent threat to public health or safety</td></tr> <tr><td>_____ Alleviates substandard conditions or deficiencies</td></tr> <tr><td>_____ Responds to federal or state requirement to implement</td></tr> <tr><td>_____ Improves the quality of existing services</td></tr> <tr><td>_____ Provides added capacity to serve growth</td></tr> <tr><td>_____ Reduces long-term operating costs</td></tr> <tr><td>_____ Provides incentive to economic development</td></tr> <tr><td>_____ Eligible for matching funds available for limited time</td></tr> </table>			_____ Removes imminent threat to public health or safety	_____ Alleviates substandard conditions or deficiencies	_____ Responds to federal or state requirement to implement	_____ Improves the quality of existing services	_____ Provides added capacity to serve growth	_____ Reduces long-term operating costs	_____ Provides incentive to economic development	_____ Eligible for matching funds available for limited time
_____ Removes imminent threat to public health or safety											
_____ Alleviates substandard conditions or deficiencies											
_____ Responds to federal or state requirement to implement											
_____ Improves the quality of existing services											
_____ Provides added capacity to serve growth											
_____ Reduces long-term operating costs											
_____ Provides incentive to economic development											
_____ Eligible for matching funds available for limited time											
Narrative Justification:											
Cost Estimate: (Itemize as necessary)	<table style="width: 100%; border: none;"> <tr> <td style="width: 50%; vertical-align: top;"> Capital Costs Dollar Amount (in current \$) \$ _____ Planning/feasibility analysis \$ _____ Professional services \$ _____ Real estate acquisition \$ _____ Site preparation \$ _____ Construction \$ _____ Furnishings & equipment \$ _____ Vehicles & capital equipment \$ _____ Capital Reserve Fund \$ _____ Other _____ \$ _____ Total Project Cost </td> <td style="width: 50%; vertical-align: top;"> Impact on Operating & Maintenance Costs or Personnel Needs _____ Add personnel _____ Increased O & M costs _____ Reduce personnel _____ Decreased O & M costs Dollar Cost of Impacts If Known: + \$ _____ annually (-) \$ _____ annually </td> </tr> </table>			Capital Costs Dollar Amount (in current \$) \$ _____ Planning/feasibility analysis \$ _____ Professional services \$ _____ Real estate acquisition \$ _____ Site preparation \$ _____ Construction \$ _____ Furnishings & equipment \$ _____ Vehicles & capital equipment \$ _____ Capital Reserve Fund \$ _____ Other _____ \$ _____ Total Project Cost	Impact on Operating & Maintenance Costs or Personnel Needs _____ Add personnel _____ Increased O & M costs _____ Reduce personnel _____ Decreased O & M costs Dollar Cost of Impacts If Known: + \$ _____ annually (-) \$ _____ annually						
Capital Costs Dollar Amount (in current \$) \$ _____ Planning/feasibility analysis \$ _____ Professional services \$ _____ Real estate acquisition \$ _____ Site preparation \$ _____ Construction \$ _____ Furnishings & equipment \$ _____ Vehicles & capital equipment \$ _____ Capital Reserve Fund \$ _____ Other _____ \$ _____ Total Project Cost	Impact on Operating & Maintenance Costs or Personnel Needs _____ Add personnel _____ Increased O & M costs _____ Reduce personnel _____ Decreased O & M costs Dollar Cost of Impacts If Known: + \$ _____ annually (-) \$ _____ annually										

EXHIBIT VI-11: CAPITAL PROJECT WORKSHEET AND SUBMISSION FORM (CON'T)

Sources of Funding:		Form Prepared By:
Grant from: _____	\$ _____ (Show type)	_____
Loan from: _____	\$ _____ (Show type)	_____
Donation/bequest/private	\$ _____	(Signature)
User fees & charges	\$ _____	_____
Capital reserve withdrawal	\$ _____	(Title)
Impact fee account	\$ _____	_____
Current revenue	\$ _____	_____
General obligation bond	\$ _____	(Department/Agency)
Revenue bond	\$ _____	_____
Special assessment	\$ _____	_____
_____	\$ _____	_____
_____	\$ _____	_____
_____	\$ _____	_____
Total Project Cost	\$ _____	(Date Prepared)
Minus Revenue	\$ _____	
Project Cost	\$ _____	

STEP 6. REVIEW PROPOSED CAPITAL PROJECTS

Develop a method of classifying and prioritizing capital projects after reviewing the proposed projects. Review proposals, request more information, revise the list of projects, and make recommendations on need and priority.

New Hampshire RSA 674:6 requires the CIP to classify projects ". .. according to urgency and need." .. and to contain "... a time sequence for their implementation. " RSA 674:7 requires the planning board to ". ..study each proposed capital project and to advise and make recommendations to the department, authority or agency concerning the relation of its project to the capital improvements program being prepared. "

The project request forms, such as the model in *Exhibit VI-10*, provided to each department for the submission of capital project proposals, will contain indicators of departmental priorities and their justification by urgency and need. It is up to the planning board or CIP committee to use its judgment to classify and prioritize the projects from an overall community perspective.

Prepare a Draft List Of Projects by Department

Before working out a classification or time sequence for the projects, it is recommended that the board/committee begin with a simple listing of all projects, organized by department. The draft list may then be reworked according to the assignment of community-wide priorities.

Exhibit VI-11 is a sample project summary form to be used for the listing of basic information extracted from the individual project request forms submitted by departments. Based on a reading of each project submission form and its review of the master plan, the planning board should develop an initial-needs classification or priority ranking of the proposed projects.

Classify Projects by Need and Urgency

An initial classification or priority ranking may be done in one of two ways illustrated below:

1. Grouping By Class

A general classification scheme can be developed according to the relative urgency of the projects. An example of such a classification follows; planning boards should consider their own local definitions.

Example of Project Class Grouping**Class I Urgent**

Cannot be delayed; needed immediately for health and safety.

Class II Necessary

Needed within 3 years to maintain basic level and quality of community services.

Class III Desirable

Needed within 4-6 years to improve quality or level of service.

Class IV Deferrable

Can be placed on hold until after 6-year period, but supports community development goals.

Class V Premature

Needs more research, planning, and coordination.

Class VI Inconsistent

Contrary to land use planning or community development goals.

2. Point System

Depending upon the size of the community and the number of capital projects proposed, a numerical scoring system may be appropriate to rank projects. A specific number of points scaled, for example, from 5 (high score) to 0 (low score) could be awarded to a project for each of several review criteria used by the planning board or committee. The total score for a project would be the sum of its score on each of the criteria, illustrated by the following example:

Example of Point Score System

<u>Evaluation Criteria</u>	<u>Point Score</u>
... Addresses an emergency or public safety need	5 4 3 2 1 0
... Corrects a deficiency in service or facility	5 4 3 2 1 0
... Provides capacity needed for future growth	5 4 3 2 1 0
... Results in long-term cost savings	5 4 3 2 1 0
... Supports job development/increased tax base	5 4 3 2 1 0
... Furthers the goals of the master plan	5 4 3 2 1 0
... Leverages the non-property tax revenues	5 4 3 2 1 0
... Matching funds available for limited time	5 4 3 2 1 0
Total Project Score =	Sum of above scores

The initial class assignment or the total point score of a project should be entered into a worksheet similar to that shown as *Exhibit VI-11*. The list can then be sorted and re-drafted in priority order.

EXHIBIT VI-1 2: LISTING OF PROJECTS SUBMITTED FOR REVIEW IN CAPITAL IMPROVEMENTS PROGRAM

Capital Improvements Program, FY-2007 to FY-2012 Summary of Potential Projects, Costs, and Ranking

DEPARTMENT REQUESTS and PROJECT TITLE	Applicant			Committee	
	Proposed Year	Applicant Priority	Estimated Cost	Priority Rank 1-5	Fiscal Year Priority
GENERAL GOVERNMENT/ADMIN					
Memorial Church (Historic Preservation) - Gross Cost of \$400,000 anticipated - \$50,000 per year shown in this CIP	2007-2012	1	\$300,000	2	2007-2012
PUBLIC SAFETY					
POLICE DEPARTMENT					
Cruiser Replacement	2008	1	\$95,000	1	2007-2012
Garage Addition to Station	2010	2	\$28,000	3	2011
Replace 4x4 Special Use Vehicle	2010	3	\$28,000	4	2010
Records Mgmt/Police Software	2008	1	\$14,000	2	2008
Upgrade base station/radio communications	2008	1	\$6,000	1	2008
FIRE DEPARTMENT					
Aerial Ladder Truck w/pump (quint) - used	2009	2	\$295,000	2	2009
New Fire Truck	2007	1	\$275,000	1	2007
Finish Upstairs Space in Fire Station	2010	3	\$95,000	3	2010
SUBTOTAL PUBLIC SAFETY			\$836,000		
HIGHWAY DEPARTMENT					
Bear Rd. Reconstruction at Beaver Hill	2011	4	\$315,000	5	2013
Pelham Rd. - Reconstruction	2009-2011	3	\$295,000	3	2011-2013
Colebrook Rd. - Reconstruction	2007	1	\$245,000	1	2007
Purchase Land for Salt & Highway Sheds	2008	2	\$245,000	2	2008
Lee Rd. - Final Wear Layer	2009-2011	3	\$215,000	4	2009-2011
Construct New Salt Shed	2007	2	\$195,000	2	2008
Lee Rd. - Reconstruction	2007-2008	2	\$185,000	2	2007-2008
Sandwich Rd. - Reconstruction	2008-2009	3	\$165,000	3	2009-2010
Sandwich Rd. Bridge Replacement	2007	1	\$145,000	1	2007
Construct New Highway Shed	2010	4	\$145,000	4	2011
Lebanon Rd. - Reconstruction	2010-2011	3	\$140,000	3	2010-2011
Rochester Rd. - Reconstruction	2007-2009	2	\$110,000	3	2007-2009
Bear Rd. - Reconstruction	2010-2011	3	\$95,000	3	2010-2011
Windham Rd. - Reconstruction	2007	1	\$65,000	1	2007
Concord Rd. - Reconstruction	2009	2	\$85,000	4	2010
Derry Rd. - Reconstruction	2008	2	\$75,000	2	2008
Purchase 6-Wheel Dump & Plow Truck	2011	4	\$70,000	4	2013
SUBTOTAL HIGHWAYS			\$2,790,000		
SOLID WASTE (RECYCLING)					
Purchase Fork Lift	2007	1	\$11,000	2	2008
SUBTOTAL SOLID WASTE			\$11,000		

EXHIBIT VI-1 2: LISTING OF PROJECTS SUBMITTED FOR REVIEW IN CAPITAL IMPROVEMENTS PROGRAM (CON'T)

PARKS, RECREATION, CONSERVATION					
Purchase of Silver Sands Campground	Already underway	1	See Existing Cons. Bond	1	N/A
Recreation Facility Development at Campground	2007	1	\$45,000	1	2007
Ballfields	2007	1	\$8,000	1	2007
SUBTOTAL RECREATION & CONSERVATION			\$53,000		
LIBRARY					
Color Copier	2010	4	\$15,000	4	2011
New Computers, Scanner, Digital Camera	2007	2	\$8,500	2	2008
New Outside Sign	2007	1	\$2,500	1	2007
Children's Computer & Chairs	2009	3	\$2,000	4	2010
Replace Sink/Stovetop	2009	3	\$2,000	3	2009
SUBTOTAL LIBRARY			\$30,000		
WATER DEPARTMENT					
Hydrogeological/Engineering	2008	1	\$60,000	1	2008-2009
Kubota loader/backhoe	2009	2	\$44,000	3	2010
Bonded Debt: Well & Main Construction	2007-2012	1	\$600,000	1	2007-2012
SUBTOTAL WATER DEPARTMENT			\$704,000		
SEWER DEPARTMENT					
Collection System TV Collection	2010	3	\$80,000	4	2012
Bonded Debt: Pump Station	2007-2012	1	\$125,000	1	2007-2011
SUBTOTAL SEWER DEPARTMENT			\$205,000		

NOTE: This List of Projects was developed and provided by Central NH Regional Planning Commission, but changed to fit this particular example.

Conduct Project Review Meetings

Following an initial classification of projects by urgency and need, it is recommended that the planning board or the CIP committee again hold a meeting with the department heads and agencies to discuss the initial review and to gather more information from those proposing the projects. At this time, requests could be entertained to modify the original CIP project requests. Following any amendments or modifications, the planning board or CIP committee may wish to have a second public informational meeting to state its initial findings and to hear additional public comment on capital needs or proposals for other projects.

By following one of the methods above, or another of its choosing, the planning board or CIP committee can meet its statutory obligation to identify and classify CIP projects. In addition, the board/committee will foster an interdepartmental and public dialog on the long-term facility needs of the community.

STEP 7. PREPARE THE 6-YEAR PROJECT SCHEDULE



Develop a time sequence for CIP expenditures over a period of at least six years. Adjust the starting dates for projects and modify the annualized tax impact of capital improvements using bond financing, capital reserve accounts, and other revenues. Strive for an annual level of capital expenditures which approximates an affordable level of local tax expenditures for new capital improvements calculated in Step 3, and which keeps the tax rate relatively stable.

Develop a Time Sequence for Implementation

Now that the number of projects, recommended funding, and general priorities have been assigned, the next step is to identify what projects should be included within the CIP timeframe of at least six years, and how the costs of these improvements can be distributed over the years to avoid high property tax impacts of any given year. The minimum statutory requirement for the CIP is to "...recommend a time sequence for implementation" within at least a six year planning period. It is highly recommended, but not required by statute, that a detail of the costs of the projects be illustrated.

Draft Schedules of Annualized Costs and Revenues

Exhibit VI-13 (two pages) illustrates a sample worksheet for scheduling capital improvement projects and their annualized costs. *Exhibit VI-13* provides worksheets for entering specific non-property tax revenues that may be dedicated to the capital improvements proposed. Each exhibit contains spaces for individual project listings by department.

The purpose of these worksheets is to draft a capital program through which the net annualized property tax costs to the municipality for capital items can be absorbed without excessive tax increases. An "order-of-magnitude" target for new capital improvements expenditures funded by local taxes was estimated earlier in Step 3 (*Exhibit VI-8*).

Using copies of *Exhibits VI-12 and VI-13* as draft worksheets, the CIP committee or planning board can modify

the sequence of capital projects within fiscal constraints, or suggest alternative funding means such as capital reserves, bonded indebtedness, user fees, special districts, or other strategies to even out the potential property tax impacts of various combinations of capital improvements. Electronic spreadsheet software is especially useful for testing different scenarios and assumptions about the potential property tax impact of the 6-year capital improvements schedule. A computer-based schedule will make annual updates of the CIP an easier task in future years.

For long-term projects requiring debt financing, principal and interest payments should be scheduled out over the capital planning period to illustrate annual cost impacts. Similarly, appropriations to capital reserves for future projects should be part of the annual cost picture, while withdrawals from accumulated capital reserve accounts may be shown as a dedicated revenue source.

Estimate the Tax Impact of Capital Projects

Once all CIP expenditures and dedicated revenues are entered in *Exhibits VI-12 and VI-13*, a calculation may be made at the bottom of *Exhibit VI-13* by subtracting total available dedicated revenues from total annualized project costs to determine:

- ... Net annual property tax cost to the community;
- ... Property tax rate needed to support capital projects;
- ... Consistency of these amounts with targets for acceptable levels of capital spending; and
- ... The need to re-schedule proposed capital improvements within the 6-year period to meet fiscal goals.

The planning board or CIP committee should review how well the total annualized tax impacts of capital spending fit within its overall fiscal goals and within the urgency of need classifications established in Step 6.

Adjust the Six Year Schedule

Depending upon the potential tax rate impacts, the board may wish to adjust the 6-year schedule, considering:

- ... Are there projects which can be shifted to later years of the CIP or deferred without negative effects on the community?
- ... Will there be any significant operating and maintenance cost impacts of running new or improved facilities that will increase or reduce operating costs and available revenues?

Draft capital project schedules should be reviewed with departments, municipal staff, and with the general public at information sessions prior to finalizing the recommended 6-year schedule.

In small communities with relatively few projects and minimal problems in attaining fiscal stability, minimum CIP requirements may be met simply by identifying the capital projects that are required, their relative urgency and need in priority order, and the year in which they are proposed to be implemented, without a detailed cost

EXHIBIT VI-1 3: SCHEDULE OF CAPITAL IMPROVEMENTS PROJECTS AND ANNUALIZED COSTS
(Including Existing Scheduled Debt and New Bonded Debt for Proposed Projects)

DESCRIPTION OF PROJECT OR EQUIPMENT By Department or Service Area	Gross Capital Cost	Available Revenues (CR, Grants)	Source Other Funds	Balance From Local Funds	Annualized Town Capital Cost Funded From Taxes					Total For 6-Year Period	
					2007	2008	2009	2010	2011		2012
GENERAL GOVERNMENT/ADMIN											
Memorial Church (Historic Preservation) - Gross Cost of \$400,000 anticipated - \$50,000 per year shown in this CIP	\$300,000	Amt Unknown	Matching Funds Possible	\$300,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$300,000
PUBLIC SAFETY											
POLICE DEPARTMENT											
Cruiser Replacement	\$95,000		Cap Reserve	\$95,000	\$15,000	\$15,000	\$15,000	\$15,000	\$17,000	\$18,000	\$95,000
Garage Addition to Station	\$28,000			\$28,000					\$28,000		\$28,000
Replace 4x4 Special Use Vehicle	\$28,000			\$28,000				\$28,000			\$28,000
Records Mgmt/Police Software	\$14,000			\$14,000		\$14,000					\$14,000
Upgrade base station/radio communications	\$6,000			\$6,000		\$6,000					\$6,000
FIRE DEPARTMENT											
Aerial Ladder Truck w/pump (quint) - used	\$295,000		Cap Reserve	\$295,000			\$295,000				\$295,000
New Fire Truck	\$275,000	\$240,000	90/10 Match	\$35,000	\$35,000						\$35,000
Finish Upstairs Space in Fire Station	\$95,000			\$95,000				\$95,000			\$95,000
SUBTOTAL PUBLIC SAFETY					\$50,000	\$35,000	\$310,000	\$138,000	\$45,000	\$18,000	\$596,000
HIGHWAY DEPARTMENT											
Bear Rd. Reconstruction at Beaver Hill	\$315,000			\$315,000							\$0
Pelham Rd. - Reconstruction	\$295,000			\$295,000				\$100,000	\$100,000		\$200,000
Colebrook Rd. - Reconstruction	\$245,000			\$245,000	\$90,000		\$155,000				\$245,000
Purchase Land for Salt & Highway Sheds	\$245,000	\$180,000	State of NH	\$65,000						\$65,000	\$65,000
Lee Rd. - Final Wear Layer	\$215,000			\$215,000			\$100,000	\$100,000	\$15,000		\$215,000
Construct New Salt Shed	\$195,000			\$195,000		\$75,000	\$75,000	\$70,000			\$220,000
Lee Rd. - Reconstruction	\$185,000			\$185,000		\$185,000					\$185,000
Sandwich Rd. - Reconstruction	\$165,000			\$165,000			\$65,000	\$100,000	\$165,000		\$165,000
Sandwich Rd. Bridge Replacement	\$145,000			\$145,000			\$60,000	\$85,000			\$145,000
Construct New Highway Shed	\$145,000	\$115,000	State of NH	\$30,000	\$30,000						\$30,000
Lebanon Rd. - Reconstruction	\$140,000			\$140,000					\$140,000		\$140,000
Rochester Rd. - Reconstruction	\$110,000	\$8,000	Developers	\$102,000	\$22,000	\$80,000					\$102,000
Bear Rd. - Reconstruction	\$95,000	\$5,000	Developers	\$90,000			\$15,000		\$35,000	\$45,000	\$95,000
Windham Rd. - Reconstruction	\$65,000	\$9,000	Developers	\$56,000	\$56,000						\$56,000
Concord Rd. - Reconstruction	\$85,000			\$85,000				\$30,000	\$55,000		\$85,000
Derry Rd. - Reconstruction	\$75,000	\$6,500	Developers	\$68,500				\$68,500			\$68,500
Purchase 6-Wheel Dump & Plow Truck	\$70,000			\$70,000							\$0
SUBTOTAL HIGHWAYS					\$198,000	\$340,000	\$455,000	\$468,500	\$345,000	\$210,000	\$2,016,500

EXHIBIT VI-1 3: SCHEDULE OF CAPITAL IMPROVEMENTS PROJECTS AND ANNUALIZED COSTS (CON'T)

SOLID WASTE (RECYCLING)											
Purchase Fork Lift		\$11,000			\$11,000			\$11,000			\$11,000
SUBTOTAL SOLID WASTE		\$11,000	\$0		\$11,000	0		\$0	\$0	\$0	\$11,000
PARKS, RECREATION, CONSERVATION											
Purchase of Silver Sands Campground	See Existing Cons. Bond		Existing bond			p/o existing debt svc		Annualized Costs for Purchase Financed by Existing Conservation Bond			
Recreation Facility Development at Campground	\$45,000				\$45,000			Reflects only initial costs of site development voted in 2006			
Ballfields	\$8,000		\$4,000		\$4,000	assume LWCF 50%					\$4,000
SUBTOTAL RECREATION & CONSERVATION	\$53,000	\$4,000	\$4,000		\$49,000		\$0	\$0	\$0	\$0	\$49,000
LIBRARY											
Color Copier	\$15,000				\$15,000				\$15,000		\$15,000
New Computers, Scanner, Digital Camera	\$8,500				\$8,500						\$8,500
New Outside Sign	\$2,500				\$2,500						\$2,500
Children's Computer & Chairs	\$2,000				\$2,000				\$2,000		\$2,000
Replace Sink/Stovetop	\$2,000				\$2,000				\$2,000		\$2,000
SUBTOTAL LIBRARY	\$30,000	\$0	\$0		\$30,000		\$8,500	\$2,000	\$2,000	\$0	\$30,000
WATER DEPARTMENT											
Hydrogeological/Engineering	\$60,000				\$60,000		\$30,000				\$60,000
Kubota loader/backhoe	\$44,000				\$44,000			\$44,000			\$44,000
Bonded Debt: Well & Main Construction	\$600,000				\$600,000		\$100,000	\$100,000	\$100,000	\$100,000	\$600,000
SUBTOTAL WATER DEPARTMENT	\$704,000	\$0	\$0		\$704,000		\$130,000	\$130,000	\$144,000	\$100,000	\$704,000
SEWER DEPARTMENT											
Collection System TV Collection	\$80,000				\$80,000				\$40,000		\$80,000
Bonded Debt: Pump Station	\$125,000				\$125,000		\$25,000	\$25,000	\$25,000		\$125,000
SUBTOTAL SEWER DEPARTMENT	\$205,000	\$0	\$0		\$205,000		\$25,000	\$25,000	\$65,000	\$40,000	\$205,000
NEW TOWN CAPITAL COSTS											
TOTAL TOWN CAPITAL COSTS	\$4,929,000	\$567,500		\$4,361,500	\$485,500	\$588,500	\$972,000	\$827,500	\$620,000	\$418,000	\$3,911,500
											\$651,917
SCHOOL CAPITAL COSTS: LOCAL SHARE											
Elementary School Addition (2008)	\$500,000	\$250,000	School Building Aid	\$250,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000		\$250,000
NEW CAPITAL EXPENDITURES FOR PERIOD											
Total Capital Expenditures 2007-2012	\$5,429,000	\$817,500		\$4,611,500	\$535,500	\$638,500	\$1,022,000	\$877,500	\$670,000	\$418,000	\$4,161,500
PROJECTED ASSESSED VALUATION											
Net Local Assessed Valuation (Projected at 3% rate of growth per year)				\$257,930,727	\$265,668,649	\$273,638,709	\$281,847,870	\$290,303,306	\$299,012,405		\$693,583
TAX RATE IMPACT OF NEW DEBT AND CAPITAL PROJECTS											
Tax rate needed to support NEW capital projects (Assumes 3% Annual Growth in Taxable Value)	Town	\$1.88	\$2.22	\$3.55	\$2.94	\$2.14	\$1.40	\$2.35			
	School	\$0.19	\$0.19	\$0.18	\$0.18	\$0.17	\$0.00	\$0.13			
	Total	\$1.36	\$2.40	\$3.73	\$3.11	\$2.31	\$1.40	\$2.39			

analysis. For most communities, a capital improvements program will lose much of its instructive and functional effect if it fails to illustrate the annual costs and tax impacts of capital expenditures.

STEP 8. ADOPT AND IMPLEMENT THE CAPITAL IMPROVEMENTS PROGRAM AND BUDGET



Hold a public hearing on the capital improvements program and adopt the document in the same manner as a master plan. Transmit first-year capital budget recommendations to the chief executive officer(s) of the municipality and the budget committee. Use the CIP as a foundation document for considering growth management, impact fee and subdivision review processes.

Adopt the Capital Improvements Program

Adoption Procedure

New Hampshire RSA 674:5 through 674:8 describes the preparation and effect of the CIP but contains no specific guidelines for the adoption of a capital improvements program or capital budget. It is recommended that the program be adopted by the planning board or CIP committee under the same process that would be used for the master plan. (See RSA 675:6). Generally, this procedure requires at least one public hearing, after which the master plan may be adopted by the planning board unless there are substantive changes made as a result of the comments received at the public hearing. A certified copy of the plan is then filed with the city or town clerk, and a copy filed with the Office of Energy and Planning.



While adoption procedures specific to the CIP are absent from the statute, New Hampshire RSA 675: 9 specifically requires that a copy of any "capital improvements plan" which is adopted must be filed with the Office of Energy and Planning.

Relationship of Adoption to other Land Use Regulations

While the statutes do not specify an adoption procedure for a CIP, the laws governing implementation of certain land use regulatory procedures do require CIP adoption. An adopted CIP may also have a functional role in the review of subdivisions and their impacts on community services and costs.

Impact Fees: *"In order for a municipality to adopt an impact fee ordinance, it must have enacted a **capital improvements program** pursuant to RSA 674:5-7."* (RSA 674:21 ,V (b)). This section refers to impact fees adopted as an innovative land use control within the zoning ordinance. While it may be inferred that an impact fee assessment schedule adopted under that section must be directly related to growth-related capital projects listed in the CIP, this relationship is not specifically required by the statute.

Growth Management; Timing of Development: *"Any ordinance imposing such a control may be adopted only after preparation and adoption by the planning board of a master plan and a **capital improvements program** and shall be based upon a growth management process intended to assess and balance community development needs and consider regional development needs."* (RSA 674:22). These requirements emphasize the need to review the master plan for projects to be included in the capital improvements program. For the CIP to support a growth management ordinance, it

should demonstrate that the capital improvements in the CIP have allowed for expansion of facilities to accommodate a reasonable share of the growth of the region.

Growth Management; Interim Regulation: *"In unusual circumstances requiring prompt attention and for the purpose of developing or altering a growth management process under RSA 674:22, or a master plan or **capital improvements program**, a city, town, or county may adopt an ordinance imposing interim regulations upon development as provided in this section."* (RSA 674:23) It is clear that in unusual circumstances, presumably those in which a large scale development or rapid pace of development could threaten to overwhelm community services, a community may invoke interim regulations for growth management to allow it time to prepare and adopt an appropriate capital improvements program.

Scattered or Premature Subdivision: The planning board may adopt subdivision regulations which may: *"Provide against such scattered or premature subdivision of land as would involve danger or injury to health, safety, or prosperity by reason of the lack of water supply, drainage, transportation, schools, fire protection, or other public services, or necessitate the excessive expenditure of public funds for the supply of such services."* (RSA 674:36, II (a))

While this statute does not explicitly tie subdivision review to the CIP process, an adopted capital improvements program may become an important reference document for determining the extent of capital improvements and local expenditures which are reasonable for the community to undertake in any given year, and may indicate the level of annual expenditures which could be considered "excessive." Since the CIP establishes a plan to service anticipated growth in accordance with an acceptable fiscal policy, the CIP is a reasonable basis for setting policies or criteria for developer funding of facilities or services as a condition of subdivision approval.

Implement the Capital Improvements Program

Transmit the Annual Capital Budget

For the 6-year capital improvements program to have an actual effect on municipal expenditures, a direct connection must be made between long-term community planning and the annual budgeting process. When a planning board or CIP committee has prepared a capital improvements program, it is required to transmit its recommendations for the current year to the mayor [interpreted to include chief executive officer or selectmen as well] and the budget committee [for towns operating under the Municipal Finance Act] for consideration in the annual budget.

Often, the principal rationale for developing a 6-year capital improvements program has been to meet statutory prerequisites for the implementation of land use regulatory measures. Such programs lack the commitment to an ongoing CIP process, and are soon forgotten.

The preparation of the CIP must be followed by annual capital project recommendations for inclusion in the budget. One person from the planning board or CIP committee should be designated to see that there is an annual transmittal of recommendations to the appropriate authority to keep the capital improvements program functional and valid. *Exhibit VI-14* provides a format for the presentation of annual capital budget recommendations by the planning board or CIP committee.

EXHIBIT VI-1 4: CAPITAL BUDGET FOR FY 2007 RECOMMENDED FOR INCLUSION IN THE BUDGET
 (Based on the Capital Improvements Program for the Years 2007 to 2012)

DESCRIPTION OF PROJECT OR EQUIPMENT By Department or Service Area	2007 Recommended Budget	Non-Property Tax Revenue Anticipated for Project		Property Tax Revenues Required
		Amount	Source	
GENERAL GOVERNMENT/ADMIN				
Memorial Church (Historic Preservation) - Gross Cost of \$400,000 anticipated - \$50,000 per year shown in this CIP	\$50,000			\$50,000
PUBLIC SAFETY				
POLICE DEPARTMENT				
Cruiser Replacement	\$15,000	\$8,000	Cruiser resale	\$7,000
FIRE DEPARTMENT				
New Fire Truck	\$35,000	Federal Grant already included		\$35,000
SUBTOTAL PUBLIC SAFETY	\$50,000	\$8,000		\$42,000
HIGHWAY DEPARTMENT				
Colebrook Rd. - Reconstruction	\$90,000			\$90,000
Construct New Highway Shed	\$30,000			\$30,000
Rochester Rd. - Reconstruction	\$22,000			\$22,000
Windham Rd. - Reconstruction	\$56,000			\$56,000
SUBTOTAL HIGHWAYS	\$198,000	\$0		\$198,000
SOLID WASTE (RECYCLING)				
Purchase Fork Lift	\$11,000	\$3,000	Trade-in	\$8,000
SUBTOTAL SOLID WASTE	\$11,000	\$3,000		\$8,000
PARKS, RECREATION, CONSERVATION				
Recreation Facility Development at Campground	\$45,000			\$45,000
Ballfields	\$4,000			\$4,000
SUBTOTAL RECREATION & CONSERVATION	\$49,000	\$0		\$49,000
LIBRARY				
New Outside Sign	\$2,500			\$2,500
SUBTOTAL LIBRARY	\$2,500	\$0		\$2,500
WATER DEPARTMENT				
Bonded Debt: Well & Main Construction	\$100,000			\$100,000
SUBTOTAL WATER DEPARTMENT	\$100,000	\$0		\$100,000
SEWER DEPARTMENT				
Bonded Debt: Pump Station	\$25,000			\$25,000
SUBTOTAL SEWER DEPARTMENT	\$25,000	\$0		\$25,000
NEW TOWN CAPITAL COSTS				
TOTAL TOWN CAPITAL COSTS	\$485,500	\$11,000		\$474,500
SCHOOL CAPITAL COSTS: LOCAL SHARE				
Elementary School Addition (2008)	\$50,000			\$50,000
NEW CAPITAL EXPENDITURES FOR PERIOD				
Total Capital Expenditures 2007	\$535,500	\$11,000		\$524,500

Conduct a CIP "Self-Audit"

It is recommended that a "paper trail" of the preparation of the CIP be maintained during the process to document compliance with the RSAs. While a capital improvements program is an unlikely object for direct legal challenge, impact fees or growth management ordinances based on the CIP are more likely targets. A challenge to the validity of such ordinances may lead to a review of the procedures and content of the CIP as a foundation planning document.

As a final check on its CIP process, the planning board can conduct its own "self-audit" checklist of compliance with the minimum statutory requirements, and consistency with recommended planning practice, by reviewing the following:

- ... Has the planning board adopted a master plan?
- ... Did the local legislative body authorize the planning board or CIP committee to prepare and amend a CIP?
- ... Does the CIP classify projects according to their urgency and need and include a recommended time sequence for implementation?
- ... Was the program based on information submitted by municipal departments and agencies, the school board, and others contacted by the planning board or CIP committee?
- ... Does the CIP take into account public facility needs indicated by prospective development as shown in the master plan or those permitted by land use controls?
- ... Did the planning board or CIP committee solicit public input at a properly-noticed public hearing in the same manner required for master plan adoption?
- ... Following the public hearing, did the planning board or CIP committee vote to adopt the CIP?
- ... Did the planning board or CIP committee transmit its current year capital budget recommendations to the executive officer(s) of the city or town and to the budget committee, school board, and special purpose districts or precincts whose capital needs are addressed in the CIP?

If the answer to any of these questions is no, the capital improvements programming and implementation process is incomplete. The board or committee should add any missing information or documentation to bring the CIP to a successful conclusion.

STEP 9. UPDATE THE CAPITAL IMPROVEMENTS PROGRAM

An update of the CIP should be conducted annually and should involve repeating Steps Two to Nine to reflect new information, policies and proposed projects. The Planning Board or CIP Committee should review and revise the entire program as necessary to reflect its most recent determination of the need for equipment, maintenance of equipment, the town's social and environmental conditions, the development or revision of

financial policies, and the community's financial resources. This task will be simplified once the initial CIP has been adopted. As departments become familiar with the format and process over the years, project information can be updated, planned projects modified, and new ones added.

Where spreadsheet analysis software has been used, the community may easily keep a running record of capital and operating expenditures and their tax impacts for the most recent 10-year period by dropping out the oldest year of data and adding in the most recent fiscal year. After a few years, the CIP process can become a routine part of the annual work agenda of the planning board or CIP committee.